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Federal Reserve System Board of Governors
Attn.: Ms. Jennifer J. Johnson, Secretary
20th Street and Constitution Avenue, NW
Washington DC 20551

Ref. Docket No. R-1366
Comments relating to proposed Truth in Lending Act and Reg. Z amendments.

December 15, 2009

Honorable Board Members:

Thank you for the opportunity to submit comments regarding the proposed changes to Regulation Z. I have experienced the Truth in Lending Act from inception having been in real estate lending since the 70's. I prided myself on being one of the most industry educated lenders in the Midwest attending and eventually presenting countless regulatory compliance seminars for banks and trade associations. I must admit I am currently considering throwing in the towel based upon the latest Reg. Z and RESPA changes. It is one thing to adjust to change for a positive solution to a real problem. However, these recent changes, and there are many, are a knee jerk reaction to a condition caused by political decisions changing industry underwriting standards to sell houses. All the disclosures in the world will not correct legislative, executive and judicial blunders.

This proposal is at least the fourth change to take place relating to Reg. Z in the last 16 months, specifically the publication dates in the Federal Register are: July 30, 2008, May 19, 2009, July 22, 2009. All these changes require time to research, comment to you, read the final rule, attempt to understand all ramifications to the products offered, coordinate changes with the document vendors and train personnel. All this is fine and good if it were to be of some positive consequence to the consumer and/or efficiency to the loan process. I challenge you to find a survey of lenders and borrowers that indicates an appreciation or full understanding of the disclosures. Having been in real estate lending for 30 years in all sizes of transactions I can assure you that the borrower wants to know these things:

1. How much can I borrow?
2. What is the interest rate and is it fixed or variable?
3. What are the payments and are they fixed or variable?
4. How much are my closing costs?

That is pretty simple. When we start incorporating time cost equations, perceived or real prepaid finance charges, etc. the borrowers look cross-eyed and shake their heads and say "How much are my payments and when are they due?" " KISS, keep it simple stupid", words made famous by countless successful enterprises. I am proposing a simple solution that is to disclose all the cost and terms and leave it to the borrower to analyze any way they wish. Do not impose these new and old formulas designed by staffers and actuaries who have never processed a single real estate loan. I suggest asking borrowers of a wide income geographical group in conjunction with federally regulated home loan lenders of various shop size and locations to devise a completely revised lending disclosure procedure

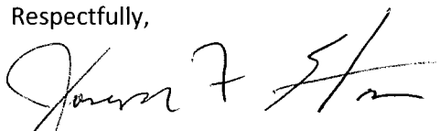
that is informative, understandable and efficient. It just isn't that tough to accomplish. The current regulations are like setting up two mirrors reflecting into each other. There is no end to the possibilities of potential violations.

I understand you are soliciting comments directly related to the proposed changes and I will address those now. This will be short and sweet.

1. The proposal to include all the proposed closing costs into the APR calculation is ludicrous at best. This will place many loans under the HPML or HOEPA regulations using current indices. As you may or may not acknowledge many lenders are no longer offering loan products that come under HOEPA or HPML due to the cumbersome and potential libelous compliance issues. Why punish the lender by making the loan interest rate appear to be higher than it actually is stated and upon which payments are based? By adding the fees charged by other such as appraisers, title companies, county governments, surveyors, termite inspector, flood certification, etc. to the lender's interest rate is misleading and unfair. Many of the services are required to satisfy a federal regulation or government sponsored entity purchasing the loan. Let's disclose by listing all closing costs period. Allow the borrower to simply see the individual costs and the total. It is simple, accurate and efficient.
2. Disclosures relating to variable and fixed interest rates and payments are good and necessary but need to be accurate and not too hypothetical. The language can be improved upon to be more case friendly and relative to the specific transaction.
3. The timing of delivery of disclosures has become such an abomination that nobody knows the actual definition of business day and what constitutes "delivery" depending upon which mail carrier and receipt furnished. God forbid we use an email, fax or other electronic method as that invokes another set of disclosures to comply with the E-Sign Act. In addition to the current Reg. Z and RESPA notification requirements these notification changes just muddy the closing procedure. I suggest that any disclosure needs to be presented in person or placed in the mail, email or fax (E-Sign exempt) within 3 normal business days. If closing comes first the borrower can decide to delay. It is easier to book an on-time flight to Timbuktu with all luggage arriving with you than it is to schedule a real estate closing due to timing of receipt of disclosures.
4. As for the remainder of the 193 pages of proposals ..... do your worst. We will simply decide to lend or not to lend, that is the question.

In closing it would be good to recall the basis for borrowing. A borrower requests a lender to lend funds. To secure the loan the lender requires collateral. It is the duty of the borrower to guaranty or verify to the lender that the collateral is good and sufficient. All cost and duty related to such verification is the obligation of the borrower. Why have we wondered from this basic premise?

Respectfully,



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